Big banks must walk their talk on climate

The Toronto Star

April 19, 2022 Tuesday

Section: EDITORIAL; Pg. A14

Length: 520 words

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Body

It's AGM month for Canada's Big Five banks. Along with the standard corporate financial reporting and director elections, the banks will be trying to burnish their green credentials and convince both investors and the public that they are taking climate change seriously and doing their part to address the worsening crisis.

But there is a yawning chasm between their rhetoric on climate and the reality of their business practices.

All of Canada's Big Five banks are among the top 20 global financiers of fossil fuels, according to the latest figures released by Rainforest Action Network. Collectively they have provided over $900 billion through loans and underwriting services since the Paris Agreement was adopted in 2015. Their fossil fuel financing increased 70 per cent in 2021 compared to 2020, returning it to pre-pandemic highs. And they're showing no signs of stopping.

None of the banks have committed to cease financing fossil fuel expansion, although the world has already discovered more oil, gas and coal than can be burned if we're to keep warming from exceeding 1.5 C. This is also in spite of the International Energy Agency's landmark report last year saying there should be nonew fossil fuel supply projects on the path to net zero.

TD, BMO, CIBC and Scotiabank have set some targets for reducing the emissions they finance, including for the oil-and-gas sector, but they rely too much on intensity-based rather than absolute targets. This means banks could meet their targets even if actual emissions stay flat or increase. RBC has not yet released targets for its financed emissions.

The mismatch between banks' high-level climate commitments and their business practices is illustrated strikingly by Scotiabank's continued membership in Canada's main oil lobby group, the Canadian Association of Petroleum Producers. The association actively lobbies to halt, weaken and delay climate action. Recent examples include efforts to increase fossil fuel exploration subsidies, delay planned carbon price increases and weaken the Clean Fuel Standard by having it exclude solid and gaseous fuels.

On Indigenous rights too, there is a big gap between the banks' words and actions. Last week, for example, RBC's AGM opened with a land acknowledgment. Yet the bank continues to finance the Coastal GasLink pipeline, despite adamant opposition from the Wet'suwet'en hereditary chiefs. RBC cancelled the in-person portion of their AGM just hours after it was announced a delegation of hereditary chiefs was travelling to Toronto to attend and didn't send someone to meet them.

The bottom line? The Big Five banks are trying to position themselves as part of the solution without addressing how they are part of the problem.

Their overfinancing of the fossil fuel industry is feeding the climate crisis, increasing our exposure to major risks and disasters like last year's floods and wildfires in B.C. As Canadians get pummelled by more climate-fuelled extreme weather, the pressure on banks to stop being part of the fossil fuel problem will grow.

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Classification

Language: ENGLISH

Publication-Type: Newspaper

Journal Code: TTA

Subject: ANNUAL FINANCIAL RESULTS (90%); COMPANY ACTIVITIES & MANAGEMENT (90%); CLIMATE ACTION (89%); CLIMATE CHANGE (89%); EMISSIONS (89%); LOBBYING (89%); PRICE INCREASES (89%); REPORTS, REVIEWS & SECTIONS (79%); AGREEMENTS (78%); ASSOCIATIONS & ORGANIZATIONS (78%); CORPORATE FINANCE (78%); NEGATIVE ENVIRONMENTAL NEWS (78%); ENVIRONMENTAL & WILDLIFE ORGANIZATIONS (77%); WILDFIRES (77%); FIRES (74%); ACCIDENTS & DISASTERS (60%); INDIGENOUS PEOPLES (60%); EDITORIALS & OPINIONS (59%); RAIN FORESTS (55%)

Company: BANK OF NOVA SCOTIA (91%)

Organization: RAINFOREST ACTION NETWORK (57%); INTERNATIONAL ENERGY AGENCY (55%)

Ticker: BNS (TSX) (91%); BNS (NYSE) (91%)

Industry: NAICS522110 COMMERCIAL BANKING (91%); SIC6029 COMMERCIAL BANKS, NEC (91%); FOSSIL FUELS (91%); BANKING & FINANCE (90%); ENERGY & UTILITIES (90%); EMISSIONS (89%); OIL & GAS INDUSTRY (89%); PRICE INCREASES (89%); OIL & GAS PIPELINES (72%); PETROLEUM PRODUCTS (72%)

Geographic: TORONTO, ON, CANADA (79%); ONTARIO, CANADA (58%); CANADA (90%)

Load-Date: April 19, 2022